

## CHILD AND ADULT CARE FOOD PROGRAM (CACFP): ASSESSMENT OF SPONSOR TIERING DETERMINATIONS - 2014 (SUMMARY)

### Background

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (Public Law 111-204) requires all Federal agencies to calculate the amount of erroneous payments in Federal programs and to periodically conduct detailed assessments of vulnerable program components. This 2014 assessment of the family daycare homes (FDCHs) component of CACFP provides a national estimate of the share of the roughly 122,000 participating FDCHs that are approved for an incorrect level of per meal reimbursement, or reimbursement "tier" for their circumstances. FDCHs can earn Tier I (higher) or Tier II (lower) reimbursements depending on the location and circumstances of the child care provider or the participating children.

Tiering errors result in improper payments because misclassified family daycare homes do not receive the appropriate level of reimbursement for the meals and snacks provided to the children. The assessment also estimates the dollar amount of improper payments attributable to these tiering errors.

### Methods

The methodology for assessing tiering errors in 2014 is similar to that used since 2008. This method validates family daycare home tiering determinations offsite from sponsors' locations by:

- Independently verifying geographic eligibility for Tier I status through the matching of FDCH address information with school and Census Block Group eligibility data.<sup>1</sup> If the assigned tiering level was not

confirmed, school-related information and tiering determination dates were obtained and used in a further attempt to independently verify Tier I eligibility.

- All family daycare homes not independently verified were assessed by reviewing documentation from the most recent tiering determination, which involved requests to sponsors for tiering determination documents on school data, Census data, and household income or categorical eligibility.

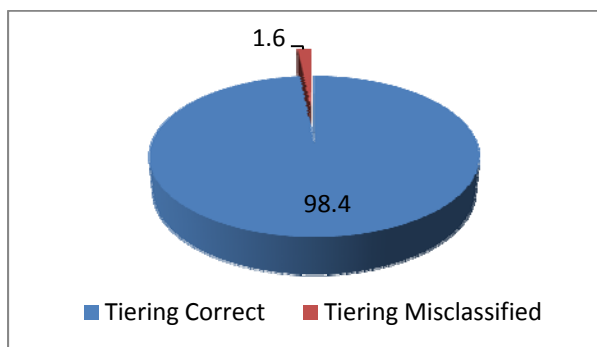
To develop national estimates of 2014 erroneous payments in this program component, the assessment drew a nationally representative sample of 758 family daycare homes from 53 sponsors in 14 States.

### Findings

#### *Tiering Classification Error Rates*

Approximately 98 percent of family daycare homes nationally were correctly classified (Figure 1).

Figure 1 Verified Classifications (percent)



<sup>1</sup> In April 2014, FNS memo SP 38-2014, CACFP 10-2014, SFSP 15-2014 expanded geographic eligibility for FDCHs to include: an area where the weighted averaged percentage of eligible children in up to three adjacent Census Block Groups (CBGs), including the FDCH's

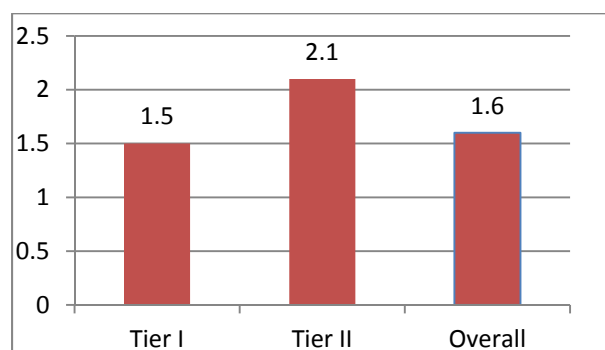
own CBG, is 50 percent or more, provided that at least 40 percent of children in each of the combined CBGs are eligible.  
([http://www.fns.usda.gov/sites/default/files/SP49\\_CACFP13\\_SFSP19-2014os.pdf](http://www.fns.usda.gov/sites/default/files/SP49_CACFP13_SFSP19-2014os.pdf)).

By tiering level, 1.4 percent of Tier I FDCHs and 2.8 percent of Tier II FDCHs were estimated to be tiered incorrectly for an overall average tiering error rate of 1.6 percent. This is a decrease from the rate of 2.7 percent in 2013 but is consistent with the range of annual rates observed over the previous 9 years.

### ***Number of Improperly Reimbursed Meal Claims***

An estimated 1.6 percent of all FDCH meal claims were reimbursed at an improper rate, which represents 8.5 million meals (Figure 2). Meal claims reimbursed at improper rates ranged from 1.5 percent for Tier I to 2.1 percent for Tier II family daycare homes.

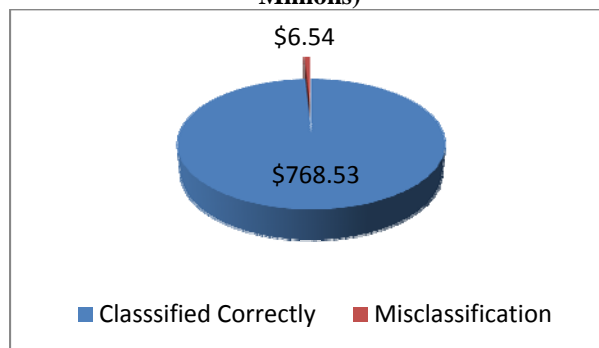
**Figure 2 Improperly Reimbursed Meal Claims (percent)**



### ***Dollar Amount of Improper Payments***

The cost of improper payments due to tiering errors was 0.84 percent (the improper payment rate) of the estimated \$775.1 million in family daycare home reimbursements for 2014. An estimated \$6.5 million of improper payments, mostly attributable to Tier I family daycare homes (overpayments), were made in 2014 (Figure 3).

**Figure 3 Cost of Tiering Misclassifications (in Millions)**



### ***Comparisons to Previous Results***

The improper payment rate of 0.84 percent for 2014 is similar to the estimate of 1.1 percent for 2013 and not statistically different from estimates from prior years. The fluctuations in estimates of misclassification errors since assessments began are consistent with what would be expected in the presence of sampling error.

### ***For More Information***

A. Vinokurov, S. Sweet, E. Kimbuende, M. Turner, and L. Leete. (2015). Child and Adult Care Food Program (CACFP) Assessment of Sponsors' Tiering Determinations: 2014 Final Report. Prepared by Optimal Solutions Group. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Project Officer: Chan Chanhataasilpa. Available online at: <http://www.fns.usda.gov/ops/research-and-analysis>.